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INVESTMENT AND RESTRUCTURING PROGRAM

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A PLAN TO REVITALIZE CANADA'S PACIFIC FISHERIES

Progress Report for Year Two

JUNE 1999 TO JULY 2000



Fisheries and Oceans Canada

Human Resources Development Canada

Western Economic Diversification Canada

Indian and Northern Affairs Canada

Message from the Minister of Fisheries and Oceans

With conservation as the top priority, Fisheries and Oceans Canada is continuing to work with its federal partners — Human Resources Development Canada, Western Economic Diversification Canada and Indian and Northern Affairs Canada — and the people of British Columbia to help build a secure future for the fishery resource and dynamic communities on our coast.



The changes in the west coast salmon fishery have not been easy. Sacrifices have been made by people who have depended on the salmon resource for many years. However, the people most affected by the changes recognize and acknowledge their role in conservation and that sacrifices are a necessary part of the progressive changes needed to bring the salmon fishery into the new millennium and leave a legacy for our children.

The continuing collaboration of the four federal departments has resulted in many successes as the second year of the three to five-year Pacific Fisheries Adjustment and Restructuring Program (PFAR) draws to a conclusion. The Voluntary Salmon Licence Retirement program achieved its long-term goal of reducing the salmon fleet by 50%, creating some of the conditions necessary for a more sustainable and viable fishery for those who remain. Community-based habitat rebuilding and enhancement projects continue to protect and improve the environment where salmon live. Thousands of individuals have been assisted through the broad range of programs offered by Human Resources Development Canada; and coastal communities are working with Western Economic Diversification Canada and the Community Economic Adjustment Initiative (CEAI) to diversify economies along the BC coast.

Funds originally identified for a cost-shared early retirement program with the Province of British Columbia were re-profiled this year to several key initiatives. The Community Economic Adjustment Initiative (CEAI) received an additional \$7.0 million to assist economic development in coastal communities. This program has helped to generate a further \$30 million in local revenue to date. The Selective Fisheries Program received an additional \$8 million, allowing the extension of the program until 2002, and continuing the excellent work of First Nations, recreational anglers and commercial harvesters to make all fisheries in the Pacific Region selective. The Fisheries Development Program received an extra \$2 million to continue scientific exploration of potential new fisheries.

Fisheries and Oceans Canada responded to closures in the Fraser River sockeye salmon fishery in 1999 with a \$1.8 million program to refund salmon licence fees for all commercial salmon licence holders significantly affected by those closures. In all, 1,644 vessel owners of record received refunds.

Conservation continues to be the top priority in the management of Canada's Pacific salmon resource, but there are still many challenges ahead as we progress to a more conservation-based fishery. The PFAR initiatives are helping conservation measures work — building a foundation for the resource in the new millennium, providing support for the people that work with the resource, and renewing the industry to help provide a secure future for the fish and the fishers. Fisheries and Oceans Canada will continue to work with the people of British Columbia to achieve the long-term objectives of rebuilding stocks at risk and protecting the resource today and in the future.

Pacific Fisheries Adjustment and Restructuring Program

Restructuring the Fishery

\$200 million over three years

Licence Retirement: *\$88.3 million in 99/00 – \$195 million to date, program concluded*

In total, 1,406 licences were retired in three rounds at a total investment of \$195M. These licences represent 44% of eligible seine licences, 40% of gillnet and 46% of troll. With the conclusion of this program, a total reduction of 50% of the West Coast salmon fleet has been achieved since 1996.

Canada's voluntary commercial salmon licence retirement program is consistent with international initiatives to reduce fleet capacity. Canada supports an international plan of action to limit capacity in the global fishing fleet and was among the first to table its national plan. The Voluntary Salmon Licence Retirement Program is designed to meet conservation objectives and reduce dependency on a fluctuating resource through a substantial reduction in the number of licensed salmon vessels in the commercial fleet. A reduction in the fleet increases the chance of achieving adequate escapement, provides for increased financial returns to vessel owners, and reduces fishing costs.

Stakeholders have long acknowledged a serious overcapacity problem in the commercial fleet. One of the recommendations of the Pacific Policy Roundtable in 1995 was a voluntary licence retirement program, first introduced in March, 1996 to promote long-term conservation of the resource and revitalization of the fishery. At that time, an overall estimated long-term goal of 50% was set as a target reduction in order to create a more viable fleet.

In 1996, there were approximately 4,112 commercial salmon licences on the West Coast eligible for licence retirement. Today, at the conclusion of the Voluntary Salmon Licence Retirement Program, there are 1,896 eligible licences remaining. Since 1996, the federal government has spent approximately \$272 million on voluntary commercial salmon licence retirement to ensure that the fleet is reduced to a more sustainable level.

Gear Type	Eligible for 1996 program	Licences remaining after 1996 program	# licences retired 1998 – 2000 program	Eligible licences remaining	% retired since 1996
Seine	536	487	216	271	49%
Gillnet	2256	1825	730	1095	49%
Troll	1291	989	460	529	53%
TOTAL	4112	3302*	1406	1896*	54%

* This amount does not include commercial salmon licences held by the Northern Native Fishing Corporation or communal salmon licences, which are not eligible for licence retirement programs.

Selective Fisheries: \$5.2 million in 99/00 – \$13.8 million to date

Since the inception of the Selective Fisheries Program in June 1998, Fisheries and Oceans Canada has invested a total of \$13.8 million for experimental projects, scientific research, monitoring by independent on-board observers, increased enforcement and training support.

The ability of licensed fishers to fish selectively, avoiding or releasing unharmed non-target fish, invertebrates, seabirds and marine mammals, is emerging as a fundamental requirement if Canada is to meet: the conservation objectives of the federal *Oceans Act*, the requirements of the forthcoming *Species at Risk Act*, and our international commitments to preserve biological diversity and fish responsibly. Since its inception, the focus of the program has been salmon fisheries. However, the concept is neither new nor unique to the Pacific salmon fishery. Many of the test projects, such as fish wheels and weirs, are based on traditional technologies employed for centuries by First Nations, who are working with Fisheries and Oceans Canada to refine and promote those techniques.



Selective fishing is a requisite element of conservation-based fisheries. In meeting conservation objectives, fishing opportunities and resource allocations will be shaped by the ability of all harvesters – First Nations, commercial and recreational anglers – to fish selectively.

Continuing the successful work accomplished during the first year of the Selective Fisheries Program, the Department will continue to encourage the use of existing selective fishing methods which have already shown to be successful. Financial support is being provided to assist harvesters with the development and testing of new technologies or modifications to existing gear.

- Additional funding was announced to augment and extend the Selective Fisheries Program until 2002.
- A multi-stakeholder workshop was held in Richmond, BC in November, 1999 to review progress of work carried out on selective fisheries in 1999.
- 25 First Nations and commercial experimental projects were funded in 1999/00, including experiments with gear modification and methodology and testing of new fishing technologies. As of June 2000, 80 experimental projects have been funded.
- 37 First Nations were funded for purchases of selective fishing gear to improve fishing methods for food, social and ceremonial purposes. This \$500,000 program is administered through the Aboriginal Fisheries Strategy.
- Eight recreational selective fishing projects and 24 scientific experiments were also funded.
- A discussion paper on "Selective Fishing in Canada's Pacific Fisheries" was released in May 2000 for consultation and public input. The final policy will be released in the fall of 2000.

Fisheries Development: \$1.9 million in 99/00 – \$2.3 million to date

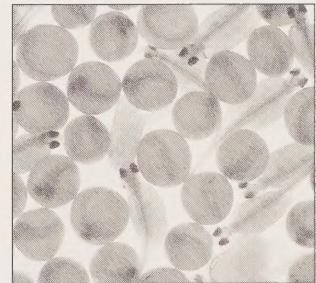
The federal government is continuing to provide funds to develop sustainable and viable new fishing opportunities for underutilized species, expansion of existing but under-utilized fisheries, by increasing the value of these fisheries, and by developing new aquaculture opportunities.

- Funding for the Fisheries Development Program was augmented and extended for two more years to 2002.
- All new and emerging fisheries must meet stringent guidelines to ensure that conservation will not be compromised.
- Work is currently underway on four pilot fisheries: Neon Flying Squid, Sardines, Mackerel and Deep-water Tanner Crab.
- Other species under consideration are undergoing a rigorous scientific review process before being considered for an experimental pilot.

Salmon Licence Fee Remission:

\$1.8 million in 99/00, program concluded

In December, 1999 a one-time only remission of \$1.8 million was paid to 1,644 salmon vessel owners of record who were significantly affected by the closures in the Fraser River sockeye salmon fishery in 1999.



Tourism Promotion and Awareness Campaign:

\$1 million in 99/00 – \$4.8 million to date

Fisheries and Oceans Canada continues to work with the Canadian Tourism Commission, the Sport Fishing Institute and Tourism BC on a tourism and marketing campaign aimed at encouraging recreational fishermen to come to British Columbia and countering the negative perception that "the coast is closed." This includes promoting conservation-based and selective recreational fishing at international trade shows, print advertising and public awareness programs.



Community Economic Development and Adjustment

\$100 million over three years

Human Resources Development Canada and Western Economic Diversification Canada are delivering programs to help both the individuals involved in the salmon fishery, and the communities they live in, adjust to ongoing changes in the salmon fishery, and to create viable economies in coastal communities.

Adjustment: *\$6 million in 99/00 – \$22.2 million to date*

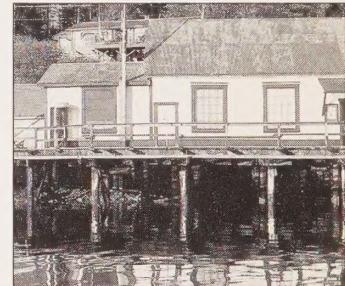
In addition to \$250 million spent annually by HRDC in BC, funding of \$30 million is available over a three-year period to assist Aboriginal, commercial and recreational participants in the fishery, whether to prepare for employment outside the fishery, to supplement or replace fishing employment with alternative work, to develop small business proposals, or to explore other adjustment possibilities.

Between June 1998 and June 2000, HRDC delivered adjustment assistance totaling \$35.4 million for 376 fishery-related projects assisting 17,000 individuals. This includes adjustment assistance delivered through regular programming and \$22.2 million from the Pacific Fisheries Adjustment and Restructuring Program.

Over the last two years HRDC has focused on helping individuals acquire the knowledge, skills, work experience and career information they need to enter and participate fully in the labour market. HRDC has also provided assistance with the development of entrepreneur skills and the provision of work experience for individuals through job creation projects. Supporting sustainable economic growth and diversification in the seafood sector. Assisting communities to develop their own in-house capacity and expertise to deal with local labour market adjustment issues.

HRDC Programs are being delivered at the local community level, including:

- Targeted Wage subsidies
- Self Employment
- Job Creation Partnerships
- Term Job Creation (Program completed December 1999)
- Training and Skill Development
- Local Labour Market Partnerships
- Mobility Assistance
- Employment Assistance Services



Community Economic Adjustment Initiative:

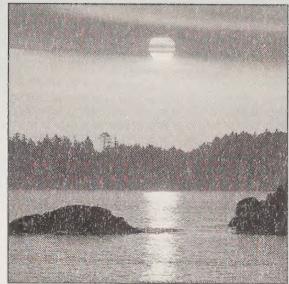
\$13.9 million in 99/00 – \$14.9 million to date

The Community Economic Adjustment Initiative (CEAI) makes strategic investments in BC's fishing-dependent Aboriginal and non-Aboriginal communities to address local adjustment priorities. Projects submitted for CEAI funding must have demonstrable community support and result in positive long-term economic benefits in coastal communities.

The CEAI is administered by a local decision-making committee which includes First Nations, mayors, Community Futures Development Corporations, and representatives from the federal and provincial governments.

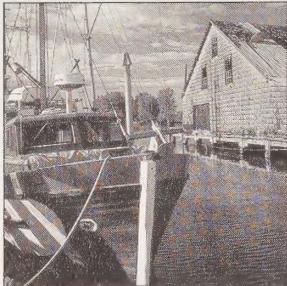
Western Economic Diversification Canada (WD) is providing \$25 million under the CEAI to encourage sustainable economic development and diversification in B.C.'s coastal communities through its partners, the 13 coastal Community Futures Development Corporations (CFDCs).

- The \$14.9 million in funds invested to date (July 2000) have leveraged more than \$37 million in additional private, federal and provincial investments, and have allowed some \$50 million in job-creation projects to go ahead.
- CEAI investments in B.C.'s coastal communities to date have created full and part-time employment for 990 people and an additional 660 indirect jobs, such as in construction.
- Over two-thirds of the CEAI funding approved has benefited small communities especially hard hit by the changes in the fishery.
- Funding for the CEAI was increased in 2000. The program will end on March 31, 2001.
- The CEAI Steering Committee made investments in Aboriginal and non-Aboriginal communities for projects such as:
 - **Pike Island Development Project: Metlakatla Development Corporation.** Create a destination heritage site in a semi-isolated northern community that will combine a First Nations archaeological site and a modern cultural and eco-tourism development.
 - **Cormorant Island Wood Processing: Alert Bay.** A Workers' co-operative wood value-added processing plant will produce components for toy manufacturing and other users of small wood components.
 - **Harbour Quay Marina: Port Alberni.** Construction of a marina to accommodate 165 recreational vessels. The marina will create 17 new permanent jobs and generate revenue which will lead to long-term benefits and sustainable development.
 - **Delkatla Wildlife Sanctuary Interpretive Centre: Masset.** Design and build a Nature Centre that will contain a natural history display of indigenous species, a small natural history library, geographic displays denoting changes to the wetland habitat, and a small research base for visiting scientists. The Delkatla Wildlife Sanctuary is a 290 hectare intertidal estuary.
 - **Millennium Waterfront Walkway Project: Prince Rupert.** Build a 525 metre-long seawall walkway to connect two separate portions of Prince Rupert's waterfront into one pedestrian traffic area. The waterfront walkway will act as focal point for funneling tourists and residents into Cow Bay, the waterfront park and historical railway restoration display.
 - **Hesquiaht First Nation Harbour Development Project.** Modernize and expand the Hesquiaht First Nation's wharf facilities to provide adequate services for existing and prospective businesses in the immediate area.
 - **Bamfield Community Abalone Project.** Research and develop technology that can be applied by coastal communities to establish an Abalone aquaculture industry, particularly in the Bamfield/Anacla area. Through a comprehensive training module, the information can be transferred to communities and First Nation groups along the coast. The Abalone project is a joint venture representing over 15 Aboriginal and non-Aboriginal communities.



Recreational Fishery Loan Program \$6.7 million, program concluded

The Recreational Fishery Loan Program concluded in May, 1999. 144 loans were approved and \$6.7 million invested. These funds leveraged an additional \$3.1 million in investments. More than 800 jobs were created or maintained as a result. Projects included eco-tourism initiatives, charter boat upgrades, whale watching operations, marketing and upgrades to properties.



Vessel Tie-Up \$9.1 million, program concluded

In 1998, the vessel tie-up program made one-time payments of \$9.1 million to 1,266 salmon vessel owners, roughly 38% of the salmon fleet at that time. Commercial salmon license fees were suspended for 1998, and payments for pre-season costs incurred were made to vessel owners who chose not to fish in 1998.

Rebuilding the Resource

\$100 million over five years

\$100M provided for habitat restoration, salmon enhancement and habitat/watershed stewardship initiatives.

The main elements of the Resource Rebuilding program are to:

- Foster community-based watershed stewardship by hiring individuals such as stewardship coordinators and habitat auxiliaries to assist community groups, industry, local governments and volunteers to effectively protect habitat;
- Repair damaged fish habitat and rebuild weak salmon stocks by extending the Habitat Restoration and Salmon Enhancement Program (HRSEP) to 2002;
- Establish a long-term funding mechanism for community habitat restoration and watershed stewardship;
- Rebuild threatened salmon stocks, such as coho, through strategic stock enhancement.

Habitat Restoration and Salmon Enhancement Program (HRSEP):

\$7.6 million in 99/00 – \$17.6 million to date

HRSEP provided \$7.6 million in 1999/00 for more than 100 community projects aiming to conserve salmon and their habitat in B.C. and the Yukon. A further \$6.7 million has been committed for 2000/01. Many of the projects are designed to improve weak coho salmon stocks. Among the recipients of the funding are community, fishing and First Nations groups that are working in partnership with Fisheries and Oceans Canada.

Some of these projects are:

- North Coast streams (Prince Rupert): \$137,000 – The North Coast Fisheries Renewal Council is completing a third year of training for displaced fishery workers from seven North Coast communities to map the physical characteristics of streams and document abundance of the juvenile and adult coho salmon. The group will work with Fisheries and Oceans Canada to develop mapping procedures.

- Charter, Snooka and Ann creeks (Bella Coola) : \$30,000 – The Bella Coola Watershed Restoration Partnership is mapping and restoring coho salmon habitat to increase the amount of accessible habitat, improve habitat quality, and improve watershed planning and stewardship. The project will also collect information for a proposed resource centre.
- Sarita, Pachena, Klanawa and Gordon watersheds (Port Renfrew) : \$138,857 – The Regional Aquatic Management Society is continuing local capacity building, adult and juvenile salmon assessments and nearshore ecosystem studies on the southwest coast of Vancouver Island. This will improve stock assessment and enhancement.
- Horsefly River and tributaries : \$24,300 – The Quesnel River Watershed Alliance is growing native riparian shrubs to meet ongoing requirements for streamside planting at habitat restoration sites in the Horsefly River watershed. The project is employing local youth who will be trained in plant nursery skills. Plants will be salvaged from areas slated for clearings, and seeds and cuttings will be collected and propagated for next year's stock.
- Coldwater River (Merritt) : \$86,330 – The Nicola Watershed Stewardship and Fisheries Authority is operating a counting fence and associated mark-recapture project to accurately estimate the Coldwater River's coho population. It is also collecting and report on life history and biological information, including the numbers of enhanced fish returning to their natal stream.

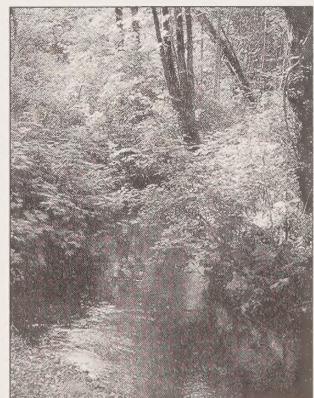
Habitat Conservation and Stewardship:

\$8.9 million in 99/00 – \$13.2 million to date

Since the inception of the PFAR program, more than 100 individuals have been hired to help communities protect fish habitat and improve watershed stewardship throughout B.C. and the Yukon.

The individuals are part of a network of new positions – including stewardship coordinators, habitat auxiliaries, habitat stewards and habitat fishery officers – that Fisheries and Oceans Canada is establishing. The new positions are assisting First Nations, community and stewardship groups, industry, landowners and government agencies to more effectively prevent habitat damage. These positions are helping communities advocate for fish and fish habitat, participate in watershed planning and promote sustainable use of land and water resources.

The new positions are augmenting and complementing the Department's existing habitat program, including the work of community advisors – who support enhancement and stewardship groups – and habitat field staff.



Strategic Enhancement: \$2.2 million in 99/00 – \$3.6 million to date

Funding for the Strategic Stock Enhancement Program (SSEP) under PFAR continues until 2003. This program continues to address serious conservation concerns for endangered stocks, using fish culture and salmon hatcheries, with partners including local First Nations, community groups and industry.



The intent of strategic stock enhancement is to arrest the decline of endangered stocks so they can rebuild when ocean conditions improve. The fish culture activities are short-term and designed specifically to maintain individual stock integrity and genetic diversity. Strategic enhancement is designed for conservation, not to support or supplement fisheries. SSEP must be coupled with harvest management restrictions and habitat protection.

On the Thompson River, existing enhancement efforts have been continued on coho stocks for the Coldwater and Deadman rivers and Spius, Louis, Lemieux, and Dunn creeks. New strategic enhancement efforts were started on other coho stocks from the Bridge, Eagle and Middle Shuswap rivers and Duteau Creek.

On the Upper Skeena, existing enhancement efforts have been continued on coho stocks for the Upper Bulkley, Kispiox and Babine rivers and Toboggan Creek. New strategic enhancement efforts were started on other coho stocks from the Upper Bulkley, Morice and Upper Owen Creek and the Morrison River, a tributary to Babine Lake.

For Puntledge River summer chinook, a captive breeding program was begun in 1998. Three brood years (1997, 1998 and 1999) are now being reared to maturity at Rosewall Creek Hatchery. These fish will start to yield eggs in the fall of 2000, with a target of one million eggs per year.

Pacific Salmon Endowment Fund

Development of the \$30 million fund has been progressing. The fund will complement other components of Resource Rebuilding by providing a stable, long-term source of funding for community projects that restore and protect habitat, improve watershed stewardship and enhance salmon stocks. Further progress on the fund will be announced in 2000/01.

PACIFIC FISHERIES ADJUSTMENT AND RESTRUCTURING PROGRAM

	June 99 – 00	Total to date
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Restructuring the Fishery:

Licence Retirement	88.3M	195.0M
Selective Fishing	5.2M	13.8M
Fisheries Development	1.9M	2.3M
Tourism Promotion	1M	4.8M
Salmon Licence Fee Remission	1.8M	1.8M

Community Economic Development and Adjustment:

Adjustment	6.0M	22.2M
Vessel Tie-Up	0	9.1M
Community Economic Adjustment Initiative	13.3M	14.9M
Recreational Fishing Loan Program	0	6.7M

Rebuilding the Resource:

Habitat Restoration and Salmon Enhancement Program (HRSEP)	7.6M	17.6M
Community Stewardship	8.9M	13.2M
Strategic Enhancement	2.2M	3.6M

TOTAL EXPENDITURES

TO JUNE 30, 2000	\$136.2M	\$305M
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